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The PACE STUDENT

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New York, July, 1922

No. 8

Use of the Law in Accountancy

Comments on Report of New York County Lawyers' Association

By Homer S. Pace, C.P. A.

IN the columns of this Magazine, and in the conduct of the schools with which it is affiliated, emphasis has always been placed upon the desirability of giving broad and intensive law instruction to Accountancy students. It is believed that the instruction should extend over three academic school years, and that the instruction should be imparted by lawyers who possess liberal academic and professional school qualifications and who, in addition, are experienced in the practice of the law. The accountant, in the course of his work, reviews the detail of innumerable business transactions, and he can not be expected to arrive at correct conclusions as to the regularity of many of these transactions unless he possesses a sound knowledge of the law—a knowledge far beyond that ordinarily acquired in the ordinary type of commercial law course as given in a commercial high school or business school.

Scope of Instruction

The scope of such instruction, it is believed, should be practically the same as that given in a professional law school as preparation for admission to the bar, with the exception that the subjects of criminal law and procedure can be omitted from the work for Accountancy students. The instruction in the various subjects, however, should be modified to a considerable extent because of the interpretative uses which the accountant is likely to make of his legal knowledge. The constructive use of the law, as required in the preparation of legal documents and in the advice of clients upon legal matters, is not within the work of the accountant.

The student in Accountancy, for example, should be advised that it is not properly the work of an accountant to draw a will; and, while it is desirable to teach him the relation that the disposition of property by wills bears to the general scheme of property ownership and control, as well as the technicalities that must be observed in the preparation of the will, the greater part of the teaching should relate to the interpretation of the provisions of a will, to the elucidation of distinctions between income and principal, and to the interpretation of financial matters bearing upon the administration of decedents' estates.

Interpretative rather than Constructive

Likewise, while it is necessary for the accountant to understand all of the steps necessary to organize a corporation, it does not actually fall within his work to organize corporations. He must know the essentials of corporate organization, not so much for the purpose of assisting in the creation of corporations, but for the purpose of intelligently reviewing, on behalf of stockholders, directors, or others in interest, the financial and related corporate transactions that have taken place; and, also, it may be, for reviewing financial facts for the purpose of formulating plans for reorganizations, purchases, sales, or mergers. Throughout the entire period of instruction, emphasis should be laid upon the interpretative rather than the constructive side of the law, and upon the limitation of the use of the legal knowledge for the distinctive purposes of Accountancy practice.

The Accountancy student, particularly, should

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be impressed with the fact that the accountant can not properly or safely undertake to give advice with respect to legal matters. If one desires to render a professional service of this character, he should take the steps necessary for admission to the bar, and should devote himself to the practice of the law. The accountant, without such preparation and without the experience which comes to the lawyer engaged in practice, would render but a questionable and an imperfect service in the matter of legal advice. The service would be defective, notwithstanding the fact that the accountant who attempted it might possess a considerable fund of legal knowledge, because of the lack of the full knowledge and experience that come to one who makes preparation for the practice of the law, and who devotes his major energies to that work.

The well-informed accountant, when he finds the need for professional advice on legal matters, suggests to his client that he refer the matter to his lawyer. If, perchance, the accountant discovers matters in which legal irregularities exist, and have not been corrected, he must, of course, call attention to them in his report. His responsibility to his client, however, is discharged when irregularities of a legal nature are pointed out, with the suggestion that recourse be had to legal counsel for their correction.

Relation of Law to Accountancy

There is another practical view to be considered; namely, that of the relation that the old and well-established profession of the law bears to the new and developing profession of Accountancy. Whenever financial matters that are in dispute can not be settled by private negotiation, causes come to issue in the courts. These causes are studied and argued by lawyers acting as advocates, and the issues are finally decided by lawyers acting as judges. A very large and important part of the work of a public accountant is to establish facts that are used in the argument and the decision of suits arising from commercial disputes, in the settlement of estates and trusts, and in the prosecution of tax and other claims.

It is exceedingly important, therefore, for the profession of Accountancy to define its field of work in such a way that the courts and the practicing attorneys of the country may recognize the field as a legitimate one. The legal profession has been extremely liberal in its attitude with respect to teaching law to accountants and to business men, and it has also been liberal, generally speaking, in its attitude toward the employment of accountants for the determination of financial and related facts. It would be in poor taste, and, in fact, hazardous, from the professional view-point, for accountants to attempt to encroach upon the professional work of the attorney at law. The development of the profession of Accountancy is, to a considerable extent, dependent upon the favorable attitude of the members of the legal profession; and the establishment of cordial relations depends primarily upon a proper definition of the work of the accountant, and upon the proper limitation of the use of the

legal knowledge which he acquires in his study and experience.

An interesting report has recently been rendered by the Committee on Unlawful Practice of the Law of the New York County Lawyers' Association, of which Julius Henry Cohen, Esq., is chairman, which discusses in detail many of these matters. This report was published in the New York *Law Journal*, under date of May 8, 1922, and can be read with profit by practicing accountants and by business men. We quote below the sections that appear to be of the greatest interest to public accountants.

Report of Committee

"Complaints were received by your committee in respect to the conducting by certain publications, including a daily newspaper, of a printed column purporting to give legal advice and information. Investigation developed that there were two distinct phases of this activity, one which your committee deemed of public value, and the other in violation of law. The former was a column containing general information as to questions of law and interesting decisions of legal controversies. The other was where specific inquiries as to particular matters in which the inquirer was interested, and wherein he sought specific advice, were answered. Your committee, after careful consideration, is of opinion that it is harmful to the community and dangerous for a newspaper to conduct a column purporting to give legal advice upon specific cases and situations in which the inquirer requires the services of a lawyer. It is clear that the layman can not receive adequate and proper legal advice unless he fully sets forth all of the facts of the given case to his adviser, and no layman can do that. He only states the things he thinks are material. Every lawyer knows how much cross-examining must be done before he gets the whole story from his client. And how often he must get 'the other correspondence,' which the client thought was of no consequence at all. Great harm is done if, through the medium of a newspaper column, advice is given upon the inadequate statements of fact formulated by the layman, and without any of the professional responsibility which the lawyer assumes toward the client. After conference with your committee, one such publication announced that it would desist from giving legal advice in respect to the rights and liabilities of inquirers, and to set forth at the head of its column the following notice: * * * 'Advice will not be given regarding legal rights or liabilities of the inquirer. Such advice should be obtained from an attorney, to whom all the facts should be stated. * * *'

"This announcement, your committee felt, was a satisfactory statement and acknowledgment of the limitation of information that may be safely given in such a column.

* * * * *

"With regard to corporations and laymen practicing law in the field of preparation of income-tax reports and advice as to the income-tax laws, your committee is confronted with a very difficult

problem. Admittedly, the Federal Government has sanctioned the practice of permitting laymen, clerks in department stores and in banks, and others, to assist in the filling out and preparation of income-tax blanks. In ordinary cases, no harm results. Taking advantage of this practice, however, numerous firms of accountants, some well known and others obscure, have freely advertised and sought the business of advising corporations and business houses in connection with their income-tax problems. Involved in advice in respect to the income tax are many times intricate and complicated questions of law, such as the domicile of citizens, the effect of increasing or decreasing of corporate stock, the advantages of trading in corporate or in individual and partnership form, and so on. Patently, advice along these matters requires the services of a skilled and experienced lawyer; nevertheless, the preparation of

income-tax returns and accounting work in themselves are primarily the work of a skilled accountant. There can be no question that where a lawyer divides fees with a firm of accountants for the procuring of legal business arising originally out of employment solicited for the accountants in connection with income-tax matters, or where the layman performs purely legal services for which he is not qualified, that a violation of law exists. No definite complaint as to such matters was received by your committee, but it has taken the position that accountants have no right to give legal advice when called upon to fill out income-tax blanks, but should confine their activity to the legitimate field of Accountancy, and that where opinions on the law are necessary or required, the matter be referred to a lawyer, who thus becomes directly responsible to the client and not to the accountant for the kind and character of legal service given."

National Association of Cost Accountants Year Book of 1921

THE 1921 Year Book of the National Association of Cost Accountants should be of interest to every cost accountant and to every executive who is concerned with the determination of accurate costs in his own plant or industry. It should be of interest, because it contains the opinion of a number of the country's leading cost accountants in respect to a diversity of current cost problems—the problems of costing in general, and problems found in particular industries.

The usual reports of officers and committees and non-technical addresses before the convention give something of the history, purposes, progress, and spirit of the National Association of Cost Accountants. This matter, however, occupies only a few pages of the book, and the remainder is given over to the papers and discussion relating to a number of important technical problems. We shall not point out what seem to us the merits or faults, if any, of individual papers. There are too many to mention all, and we do not wish to slight any. Perhaps the best way of helping the reader to judge whether or not the book will interest him is to give the following outline of its subject-matter:

Interest as an Element of Cost: Report of the Special Committee, R. B. Kester, chairman; Brief in Favor of Interest as a Cost, Clinton H. Scovell; Digest of the Arguments Against Interest as an Element of Cost, E. Elmer Staub; Attitude of Federal Trade Commission Regarding Interest as an Element of Cost, Dr. Francis Walker; Discussion.

Cost Systems as a Means of Preventing Waste: Introductory Paper, L. W. Wallace; Attitude of the Engineer to Cost Accounting, John H. Williams; Wastes That Have Been Stopped by Cost Systems, William R. Basset; Accounting for Man's Economic Use of Time as a Means to Reduce Waste, Robert B. Wolf; Cost Systems as a Means of Pre-

venting Waste, E. A. Becker; Cost Systems as a Means of Preventing Waste, C. L. Jamison.

Uniform Methods and Standardized Costs: Operation of the Printer's Standard Cost System and Some Results, Edward T. Miller; Uniform Standard Cost Accounting Methods in the Garment Industry, F. L. Sweetser; Uniform Methods in the Biscuit and Cracker Industries, Weston H. Green, Harry Murphy; Uniform Cost Accounting Methods in the Tanning Industry, Roland H. Zinn; Position of the Federal Trade Commission with Regard to Uniform Methods and Standardized Costs, Dr. Francis Walker; Some Kinds of Uniform Cost Activities to be Avoided, E. F. Du Brul; Uniform Methods of Cost Accounting in the Laundry Industry, Burton T. Cooke; Discussion.

The Distribution of Overhead Under Abnormal Conditions: C. B. Williams, Hasbrouck Haynes, A. S. Merrifield, Horace G. Crockett, John M. Scanlon, Philip F. Clapp, Discussion.

Executive Uses of a Cost System: Roland Dunkerley, W. P. Hilton; Discussion.

These papers are not of uniform excellence, but one interested in cost accounting may find valuable information in the collection. The book is a decided improvement over the 1920 Year Book of the National Association of Cost Accountants, not only in the matter of content, but notably so in arrangement, printing, and binding.

THE second informal dance of the year was held by the Pace Club of Newark, in the Pace Institute Building, 24 William Street, on Wednesday evening, May 24th. The affair was a success, and was largely attended by students, their friends, and members of the executive staff of the Institute. Excellent music was furnished by the Criterion Orchestra, of Newark.

Budget System for Department Stores

By E. W. Breyer, C.P.A. (Ohio), Graduate of Pace Courses, New York

THE following article, taken from the Cleveland, Ohio, *Commercial*, of April 27, 1922, deals with a Budget System which will enable department-store owners to estimate expenses. The plan was worked out by E. W. Breyer, C.P.A. (Ohio), of Rosenberry, Guenther & Breyer, Cleveland, Ohio. Mr. Breyer was a student of the Pace Courses in New York, and later taught the Pace Courses in the Y.M.C.A., of Cleveland.

W. A. Rowe, of the Osborn Manufacturing Company, of Cleveland, and president of the Accountants' Club of the same city, who is referred to in the accompanying article, is a former student of the Pace Courses in the Cleveland School of Accountancy, and a former member of its Accounting Faculty.

"In the period when department-store owners were charged with profiteering, and when they complained that they were getting hardly enough profit from business to support their families, the Reinhold Company, 2152 Superior Avenue, manufacturers of dresses, proposed that they operate their business on a budget plan, which would show each store where it stood financially, and what expense it could safely assume in operating.

"The public has not yet wholly passed up the idea that stores are profiteering; neither are the financial troubles of merchandisers at an end. The move of the Reinhold Company has, therefore, been welcomed by many retailers, for it aids them in understanding the financing of their business.

"The company called to its aid Mr. E. W. Breyer, of Rosenberry, Guenther & Breyer, business organizers, Leader-News building. He worked out a form of budget that could be used by the small store, together with simple explanation thereof. Salesmen of the dress manufacturing company were instructed to urge retailers to put into use this budget.

Budget Lists Expenses

"The budget lists the many expenses which a merchant must pay in operating, and makes an allowance for each, so that he shall not over-expend for certain items, and suffer loss in operation of the business.

"When a merchant buys goods at \$80,000 and sells them for \$120,000, the public may jump to the conclusion that his profit is \$40,000, but Mr. Breyer shows, in the budget, that on such an operation the merchant would do well if he made a little more than \$8,000 profit.

"The budget was explained recently to members of the Accountants' Club by Mr. Breyer, and aroused great interest and drew forth many questions. This Club is doing splendid work in studying the practical questions that come before accountants. The club meets at Hotel Winton.

Its officers are: president, W. A. Rowe, of the Osborn Manufacturing Company; vice-president, W. E. Lewis, of Carbaugh & Lewis; secretary, C. H. Hudson, of the White Company; treasurer, F. L. Zwemer of Carbaugh & Lewis.

Outline for Small Store

"The budget is planned, in this case, for a small store, such as a department store in a small city. The store might have several departments: one selling shoes, a second cloaks and dresses, a third men's and boys' clothing, a fourth dry-goods and notions, and so on. This store might be owned by one man.

"The proprietor might not know just what part of his income he should spend for advertising, or for delivery of goods. He might not know how much to charge off for bad debts. Perhaps he has never made a careful estimate of what percentage he should mark goods down, when they don't sell at the first price. The budget is drafted for the purpose of guiding him in these and other matters.

"Mr. Breyer took as an example a store whose purchases in one year might amount to \$80,000. He added to this amount the estimated expenses for selling the goods and operating the store, which gave him the following budget:

Retail Operating Budget

Accounts	Monthly expense	Annual expense	Per cent. expense
Advertising.....	\$167	\$2,004	1.67
Bad debts.....	25	300	.25
Collections.....	5	60	.05
Depreciation.....	50	600	.50
Discounts.....
Delivery.....	102	1,224	1.02
Donations.....	3	36	.03
Freight.....	50	600	.50
House travel.....	40	480	.40
Insurance.....	55	660	.55
Interest paid.....	20	240	.20
Light, heat.....	55	660	.55
Mark downs.....	300	3,600	3.00
Pay-rolls.....	400	4,800	4.00
do.....	850	10,200	8.50
do.....	150	1,800	1.50
Postage.....	15	180	.15
Repairs.....	10	120	.10
Rent.....	200	2,400	2.00
Shipping.....	30	360	.30
Stationery.....	30	360	.30
Taxes.....	35	420	.35
Telephone.....	7	84	.07
Unclassified.....	50	600	.50
Total expense.....	\$2,649	\$31,788	26.49
Cost of goods.....	6,667	80,000	66.67

Total cost.....	\$9,316	\$111,788	93.16
Profit.....	684	8,212	6.84
Sales.....	\$10,000	\$120,000	100.00

"The first and second columns show monthly and yearly expenses in dollars. The total expense for selling the \$80,000 worth of goods in a year is \$31,788. The proprietor of the store must charge enough for the goods to pay their cost and to pay this expense, and also to make a profit, which Mr. Breyer has estimated at \$8,212.

"In the third column are shown the percentages of expense for different items. Advertising of the store would be 1.67 per cent. of total income. The proprietor's salary, half-way down the column, is 4 per cent. of the total income. Stationery, near the foot of the column, is .30 per cent. of total income. All expenses amount to 26.49 per cent. of the total income, as the first footing in the third column shows. Twenty-four items of expense are listed. The average customer of a department store probably had no idea that the expense of running such a business amounted to more than 25 per cent. of the total sales income.

"After a merchant buys \$80,000 worth of goods, according to this budget, he must spend more than \$31,000 additional to sell the goods and to keep his business going. This does not allow for a cent of profit. He must sell his goods for more than \$111,000 in order merely to come out even, Mr. Breyer estimates.

Sales Outline Included

"A sales budget accompanies the operating budget. It shows the price paid for goods in each department, the prices at which goods were sold in each department, the division of expense among the departments, the total cost of operating each department, and the loss in some departments and profit in others. The average profit for all departments is less than 7 per cent. The sales budget follows:

Dept.	Purchases	Sales	Expense
A.....	\$8,000	\$10,000	8.40% \$2,650
B.....	8,000	10,667	8.90% 2,826
C.....	24,000	34,286	28.60% 9,086
D.....	24,000	36,923	30.80% 9,785
E.....	8,000	13,333	11.10% 3,533
F.....	8,000	14,545	12.20% 3,855

Totals.....	\$80,000	\$119,754	100.00%	\$31,735
Dept.	Total cost			

A.....	\$10,650	† \$650	6.50%
B.....	10,826	†159	1.48%
C.....	33,086	*1,200	3.50%
D.....	33,785	*3,139	8.50%
E.....	11,533	*1,799	13.35%
F.....	11,850	*2,690	18.40%

Totals.....	\$111,735	*\$8,019	6.69%
†Loss.	*Profit.		

"Merchants are instructed to use the operating and sales budgets in the following manner. Taking actual figures from their books for the year 1921, they may make up budgets. They should set down

the amount spent for advertising, the amount lost in bad debts, the cost of making collections, the depreciation on fixtures, and all the other items of expense. The footing of this column would give their total expense for the year 1921.

"To this they should add cost of goods sold, both in dollars and in per cent. Then they should find their total cost, by adding expense to cost of goods. By comparing this total cost with the amount of money derived from the sale of goods, they can readily find whether they had a profit or a loss in the year 1921. This will be their actual experience, from which they may be guided in the future in making up budgets.

"A merchant may then make up his budget for the year 1922. He may fix a certain amount that he will spend for advertising. He may estimate his bad debts. He may set aside a certain amount for making collections, for depreciation on fixtures, and for all the other items of expense. Then, as he pays out money during the year, he should hold expenses down to the actual estimate, in order to come out with a profit at the end of the year.

"In future years, he can continue this method, making up in advance his budgets, and knowing what he will spend to operate his business. This will save him from over-expending.

"Perhaps the merchant would still be accused of profiteering, but for his own satisfaction, his budget would tell him what profit, if any, he was making.

"With some changes in the items of expense, this form of budget might be applied to many other kinds of business."

National Federation of Pace Clubs

THE Social Committee of The Pace Club of New York is coöperating with the Educational Committee in preparing programs for a series of smokers to be held during the coming fall and early winter. It is planned to hold one smoker at eight o'clock on Monday evening, the second on Tuesday evening, two weeks later, and so on for a period of ten weeks. This plan, it is hoped, will give every member of the Club an opportunity to attend at least two or more of the series. Several prominent men have already promised to address these smokers.

Plans have been perfected for several steamboat trips to be taken this summer by members of The Pace Club of New York. The first trip was made on Sunday, June 11th, when a congenial group of club members took the boat to Newburg, returning the same evening. All agreed that it was an exceptionally pleasant trip. The Social Committee plans to organize several more affairs of this nature during the summer.

At the last Council meeting of the year of The Pace Club of New York, held on Saturday, May 13th, the Social Committee, through its chairman, R. J. Lowe, announced that plans were being made for a series of small informal dances for Pace Club members during the fall and winter months. Dates for these dances will be announced shortly.

A Logical Study Program

AT a recent Day-school Assembly of Pace Institute of New York, the major part of the time was devoted to a discussion of the benefits to be derived from a well-planned program of study. It was pointed out that the essential principle of modern management was the establishment of standards of performance, and the checking of the performance of each individual against the goal thus set up. The application of this principle to the work of a student was pointed out, as well as the desirability of each student's preparing for himself a definite schedule of study hours against which his actual performance could be checked.

Many ideas with respect to such a method were developed from the experiences of the students present, and the program worked out by Elmore G. Kane, a student in Semester A, was presented in detail. Mr. Kane has written a letter in which the essential details of his program are set forth, and quotations from this letter are made hereinafter for the benefit of the large number of Pace students who were not fortunate enough to attend the assembly. The quotation follows:

"A few words of explanation as to the Time Schedule shown below will probably be appropriate.

Day of Week	TIME SCHEDULE				
	A.M.		P.M.		
	8:00-9:00	9:30-11:30	12:15-12:45	12:45-1:45	1:45-3:15
Monday	Law Study	Law Class	Assembly	Law Quiz	English Study
			12:15-1:15	1:15-2:15	2:15-3:15
Tuesday	English Study	Accounting Class	English Study	English Class	English Quiz
Wednesday	Accounting Study	Law Class	Field work or optional study		
Thursday	Accounting Study	Accounting Class	Accounting Quiz	Accounting Study	Law Study
Friday	Law Study	Bookkeeping Class	English Study	English Class	Law Study
Saturday	Law Study	Business Practice Class			

"After a few days' study, it became quite clear that in order to get the most out of the texts it would be necessary to allot a definite time to the study of each subject. This thought raised several pertinent questions. How much time should be given to each subject? How should it be distributed? In what manner, if any, could a schedule be drawn up that would least suffer from interruptions? How about extra time for supplementary reading?

"The time allotted each subject was arrived at: first, by considering familiarity; second, means of retention. The result was:

Law—least familiar, and largely theory: 5 hours.

English—fairly familiar, and in every-day use: 4½ hours.

Accounting—most familiar, and supplemented by practical application by means of propositions: 3 hours.

"As to its distribution, the main thought was to arrange the study periods so as to precede the quiz, which is answered in writing, and to follow the lesson whenever possible.

"Interruptions usually come in the evening, and for this reason, and also to provide for extra time for special study, it seemed desirable to keep the evenings free. This elasticity of after-school-hours time allows one to put in more time on the most difficult texts, review incorrect answers to quizzes, do special reading, work out propositions, read new texts that will be the subject of next day's class period (checking such paragraphs as may require a few questions to make them clear), go over the day's notes and put them in permanent form, either by writing them in the margins of the text or re-writing them and pasting them on the inside covers, etc.

"After all, the individual's ability to grasp the subject must be the controlling factor in his allotment of time. The great latitude allowed by the unscheduled evening time will avoid the necessity of changing the schedule, once made. A careful study, however, of the results obtained, coupled with a review of how the evenings were spent, might make a change advisable."

The time schedule given at left is worked out to conform to the Day-school requirements, which provide for a maximum attendance of five hours for five days of each week, including attendance upon a two-hour class session on Saturday morning. It will be noted that English is included in the Day-school work, and that quiz papers on Accounting, Law, and English are answered in

the classroom under supervision. In planning a schedule for Evening-school work, class attendances would be less, but the plan might provide for a division of each available evening's work into study, preparation of quiz answers, or review of propositions. The principle of dividing the time would not be essentially different.

The Editor of THE PACE STUDENT would be glad to receive from other students schedules that have been worked out and found to produce satisfactory results. He will undertake to publish, with comment, one or more such schedules that appear to have exceptional merit.

About the Use of the Hyphen

L K. WATKINS, C.P.A., of Buffalo, New York, writes as follows concerning the article on "The Use of the Hyphen" which appeared in THE PACE STUDENT for May, 1922:

"The May issue of THE PACE STUDENT contains, on page 87, in an article on "The Use of the Hyphen," a list of words which, it is stated, should ordinarily be hyphenated. I have not attempted to check this list in full, but finding in it one or two words in which I believed that the hyphen was not to be used, I compared some of the words in this list with Webster's Dictionary and I found that, according to that authority, the hyphen is not used in the following words:

air brake	post office
eardrum	press agent
fellow citizen	roadbed
good will	safety razor
money order	stateroom
post card	

"I know that among some educators there is a reluctance to adopt the Merriam Webster as a final standard. Inasmuch, however, as it is recognized almost universally by the courts of the Nation as a standard, and is also regarded as the final arbiter by a great body of educational authorities, I am wondering what authority THE PACE STUDENT uses in its place. It seems to me a serious matter when a publication which has so great an influence among such a large body of students departs from what has for a long time been generally recognized as the final authority."

It is difficult to lay down hard and fast rules for the use of the hyphen. Two words, for example, *air* and *brake*, are used together to express a specific idea. They are used first without the hyphen, then, as the combination becomes more common, due to the frequency of use, the hyphen is inserted. It frequently happens that, after two words have been written with the hyphen for some time, each word tends to lose its individual identity, the hyphen is dropped, and the result appears as one word; as, for example, *warehouseman*.

The student or business man in his writing should endeavor to follow the best of modern usage in word combinations. Leading publishing houses, magazines, and newspapers, have a tendency at the present time to follow the New Standard or the Century Dictionary both in syllabication and in compounding words. This tendency is due, no doubt, to the fact that these dictionaries are presumed to lead in the interpretation of the best current usage. For this reason, the Century Dictionary was used as authority in preparing the article on "The Use of the Hyphen."

We are glad to list below the words in question as they should be written according to the Century, Webster's Revised Unabridged, and the New Standard Dictionary. It will be interesting to note that the two dictionaries referred to above—the New Standard and the Century—are in agreement with respect to all the words but two—

fellow-citizen and *state-room*. The list follows: Century Dictionary:

air-brake	post-card
ear-drum	post-office
fellow-citizen	press-agent
good-will	road-bed
money-order	safety-razor
	state-room

Webster's Revised Unabridged Dictionary:

air brake	post card
eardrum	post office
fellow citizen	press agent
good will	roadbed
money order	safety razor
	stateroom

New Standard Dictionary:

air-brake	money-order	road-bed
ear-drum	post-card	safety-razor
fellow citizen	post-office	stateroom
good-will	press-agent	

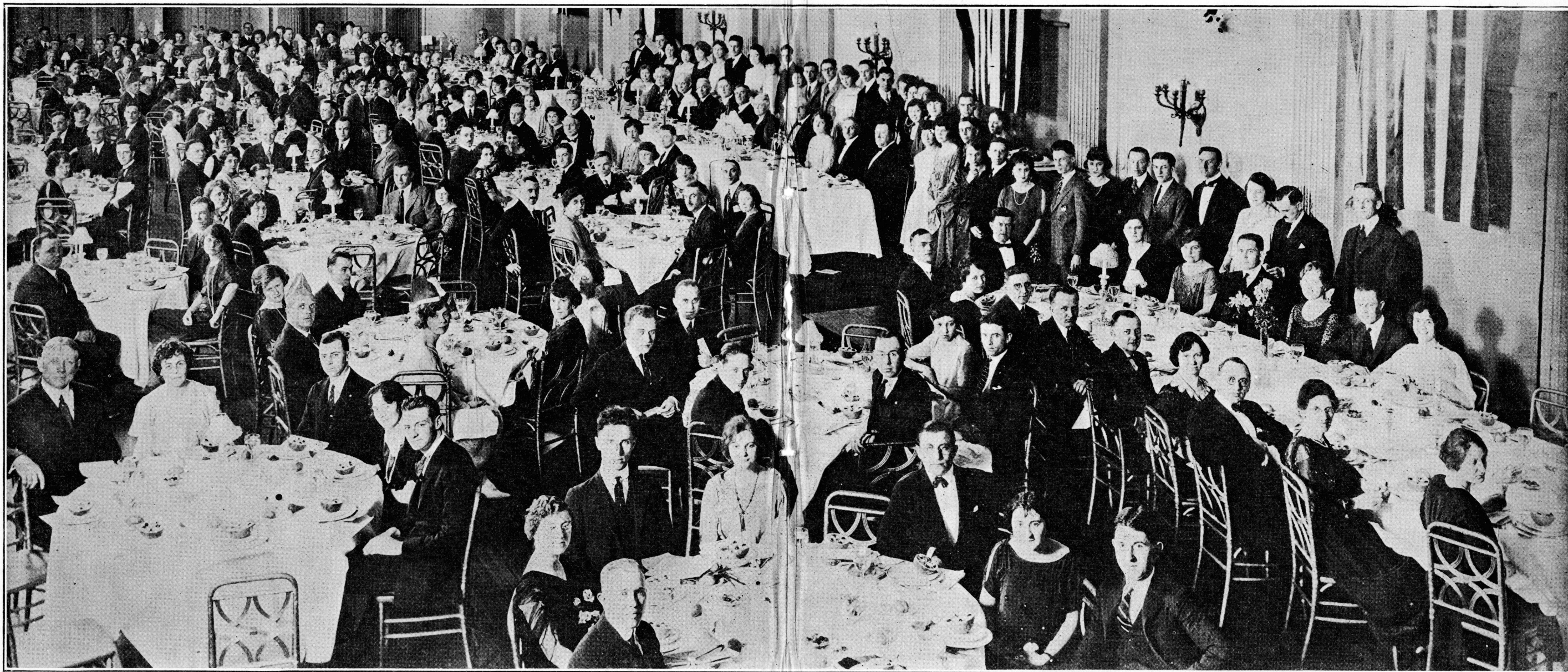
Training that Industry Demands

By W. E. Hundley, Associate Director, Pittsburgh School of Accountancy

AT the second public conference, on May 1 and 2, at the Carnegie Institute of Technology, Pittsburgh, Pa., under the auspices of the Committee on Commercial Engineering of the United States Bureau of Education, educators, engineers, and executives, representing educational institutions, engineering societies, trade associations, and leading industrial enterprises, discussed the kind of education required to fit men for various industrial occupations. Particular attention was given to the development—mentally, physically, and socially—of the men who are to be trained to fill, eventually, positions of executive responsibility.

It was the unanimous opinion of those present, supported and emphasized by many prominent speakers, that the curriculum of every institution that trains men to meet the needs of industry must include a thorough course in the fundamental principles of business administration. It was pointed out by several practicing engineers and industrial executives that college men, graduated from engineering courses, have, frequently, a rather poor sense of values. It was suggested, therefore, that Cost Accounting should be considered one of the fundamental subjects.

By far the most interesting and constructive development of the conference was the apparently unanimous conclusion that industry must cease criticising the efforts of the colleges, and must co-operate with them toward the development of a complete curriculum, by drawing up "job specifications" covering every kind of work that men must be trained to do, including administration and selling as well as engineering and the various activities of production. With these specifications in hand, the educators declare that they can analyze the educational requirements of each position and prescribe the subjects to be taught to secure the desired result.



PACE CLUB ANNUAL BANQUET

THE annual banquet of Pace Institute, Washington, was held under the auspices of the Pace Club of Washington, on Tuesday evening, May 9, 1922, at the Raleigh Hotel. More than three hundred students and their friends took part in the enjoyable event.

A novel feature of the evening's entertainment was the use of a radio apparatus which, during the dinner, picked up music from the broadcasting station in Washington, and by means of an amplifier made it possible for the banqueters to enjoy the musical program. George H. O'Connor ably directed the singing of school songs written by the students. Robert Lawrence, director of "Music Weeks" in Washington and other cities, took charge of the after-dinner musical program, and had

everybody joining heartily in singing old songs in new ways.

Glenn Willett, of the Law faculty of Pace Institute, Washington, filled the toast-master's chair with his customary ability and enthusiasm. The invocation was given by the Reverend Doctor James S. Montgomery, chaplain of the House of Representatives. Homer S. Pace spoke upon the value of supplementing the study of technical subjects with a proper development of one's personality—particularly, the ability to meet and treat successfully with different types of people. Mr. Pace pointed out that the accountant finds this ability of great assistance to him throughout his professional career.

The Honorable J. Thomas Heflin, United States

Senator from Alabama, then gave a helpful and inspirational talk, touching, in the course of his remarks, upon the necessity for courage and character in handling the problems of the present day. During the course of his speech, the Senator told a number of negro dialect stories to the great amusement of the diners. Dancing, with music furnished by Crowder's Orchestra, brought the enjoyable evening to a happy close.

Among the invited guests were: Miss Emma Gillette, of the Washington College of Law; The Honorable J. Thomas Heflin, United States Senator from Alabama; The Reverend Doctor James S. Montgomery, chaplain of the House of Representatives; Mrs. C. B. Stephens, principal of the Temple School, Washington, D. C.; William A. Wilbur,

dean of the George Washington University, Washington, D. C. Delegations were also present from the Pace Club of Baltimore Pace Institute, and from the Pace Club of New York.

SIGNS of the times are found in the various financial statements of corporations for the first few months of 1922, compared with the same period for 1921. One after another large representative corporations are recording gains, not large in many instances, to be sure, but indicative, nevertheless, of the trend of the times. The statements of these companies, after all, constitute the barometer which will be most carefully studied by the watchful business man.

THE PACE STUDENT

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Fixed Conditions

RECENTLY, Mr. Homer S. Pace said: "In my teaching of Business Organization, I often speak of 'fixed conditions,' meaning, for example, a mountain range which a railroad must pierce or climb over, or a factory building which must be utilized, notwithstanding its defects. I often make the point that a state of mind, as well as a physical condition, must be included within my classification. It is usually practicable to bridge a river or tunnel a mountain; but sometimes an opinion, imbedded and hardened by years of mental inactivity, can not be negotiated."

I wonder how often we give these fixed, mental conditions the consideration their importance warrants. They exist in our mind and in the mind of the other fellow. Practical psychologists have given much thought to the proper methods of breaking down the mental stone wall which the other man consciously or unconsciously builds around himself. Salesmen learn how to overcome prejudices and set opinions; they are instructed how to treat fixed, mental conditions much as the engineer is taught how to tunnel a mountain or to throw a bridge over a stream. It is in the proper methods of dealing with fixed mental states in our own mind that we seem to be lagging. Let us consider this situation, since we all are, or should be, conscious of the fact that it exists.

This mental stone wall differs from a fixed, physical condition. In working out his plans to pierce a mountain or bridge a river, the engineer is confronted by fixed conditions—probably, difficult ones, too—but, except for unknown difficulties which may crop out in the work, these fixed, physical conditions remain practically unchanged. The engineer can, therefore, make his plans accordingly. He knows that the river will not grow wider, or the mountain higher or of greater diameter at the base. Not so with our own fixed opinions, "imbedded and hardened," as Mr. Pace says, "by years of mental inactivity." Our opinions, frequently, are not merely entrenched—they are actually combative. They thrive on combat, and come anxiously back for more, stronger and more definitely set than ever. Let us observe ourselves trying to break down a mental stone wall. A simple illustration will suffice.

We decide that we are going to jump across a brook. We have never jumped this particular

stream before; in fact, jumping brooks is not particularly in our line. We much prefer to step across on stones or by means of an old tree. At any rate, we are going to jump this brook now. We go back some distance, run a few steps toward the brook, pause, and stop. It is not so much the physical presence of the brook that halts us; it is our own preconceived idea that jumping that brook is going to be a pretty difficult matter. Anyhow, we have never done it. And so our attitude—a fixed, mental condition—stops us in our tracks. We retrace our steps, start running toward the brook again, and repeat the same performance. We think about the situation for a time, and the longer we think the more impossible it seems. Finally, we give it up. A fixed, mental condition, hardened by years of mental inactivity in that particular direction, keeps us from achieving our purpose. And the more we try to negotiate our own opinion about jumping the brook, the stronger that opinion becomes.

We have all observed how many men with excellent general training and seeming ability remain clerks all their lives. Frequently, they are held back largely by their habits of mind. Their thoughts run in clerical channels. They have unconsciously surrounded themselves with a mental stone wall—a wall which they must tear down before advancing beyond it, just as truly as though it were built of bricks and mortar. Their hardest task is the negotiation of their own mental opinions. Until they can think beyond their mental wall—can get their thoughts out of their clerical ruts, can think of the larger aspects of business—their advancement will be retarded.

It is necessary that we recognize the existence of these fixed, mental conditions. We could have jumped the brook, had we torn down our mental stone wall. The clerk with the right training and ability can advance himself, if he will form the proper mental opinion of himself and his work, if he will destroy his own stone wall. Let us map out our campaign with as much thought as would the engineer in bridging a stream, or the accountant in planning on the effective utilization of a factory building. Precedent, mental attitude, fixed habits of thought, preconceived ideas—they are all valiant foemen. A large part of the successful battle consists in realizing their presence.

The Luncheon Conference

THE "three hours for lunch" club is a standing joke in many offices. Frequently, it isn't half as big a joke as it ought to be, considering how the three hours are consumed by a half dozen congenial cronies. It isn't the scheme, though, that's at fault. It's the application.

I read the other day of six sales executives who lunch regularly together each Friday. By special arrangement, they take an extra hour for conference purposes. In spite of what their associates may laughingly insinuate, they have made this Friday afternoon conference hour one of the most pro-

ductive of their entire week. They exchange ideas and suggestions, and discuss informally their common problems in a way which any business man knows would be impossible in a more or less formal office conference. And the point is, that this formal office conference would never be held. Business men don't go to one another's offices to discuss common problems. After a good luncheon, these problems come up for discussion naturally enough, with resulting good to all concerned.

Wandering Thoughts

SIT back in your chair at home some evening and let your thoughts wander where they will. A wandering thought does not always get lost. When it comes back home, it may have added to itself another thought or two. And whereas the thought you sent out may have been of no particular importance, the one that it brings back may be a revolutionizing thought—one that you can utilize advantageously in your work.

Ever sit at your desk and consciously search your mind for a particular idea, and then have that idea come to you unbidden as you stare idly out of the car window on your way home at night? Give your thoughts a chance once in a while to work undirected. They may do more alone now and then than with your assistance.

Your Vocational Goal

IN nearly every issue of THE PACE STUDENT, there appears a biographical sketch of some Pace student or graduate who has achieved success as a professional accountant in public practice, or as an executive accountant in the employ of some private business organization.

Reading these sketches, one can not help being struck by the fact that these successful men and women, early in their career, set for themselves a definite goal of achievement. They worked out their vocational objectives—decided exactly what they wanted to do—and they permitted nothing to swerve them from their course. In casting around for recipes for vocational success, the obvious advantages of working toward a definite goal should not be overlooked.

Effort that is not expended in the right direction is largely unproductive. And the main thing is to get the right direction. Study these biographical sketches. Note how these successful accountants and business executives moved ahead, month by month, year by year, toward the goal which they had set. And having studied, and noted, you should be able to make your own applications.

Make It Clear

THERE are one thousand four hundred and forty minutes in every twenty-four hours. Not all of them, by any means, are available for business purposes. Business men spend a considerable part of each twenty-four-hour period in reading letters and in executing plans. How much time do they waste daily in trying to understand

vague letters, and in trying to work out and put into operation plans that are not clearly stated? No one knows the answer, definitely, and perhaps it is just as well.

If a letter is worth writing, it is worth writing clearly. If a plan is worth stating at all, it is worth stating in unmistakable language. Think of the limited number of minutes that your reader or hearer has available for the consideration of your letter—your plan. Save just as many of those minutes as you can. Think of the constructive work that he might do in the time that your carelessly worded letter or plan is wasting. And, having thought of it, aim to make your expression so clear that not one of those precious minutes will be wasted.

Excess of Value

WHEN the careful buyer pays twelve dollars for an article while he knows that a similar article may be purchased for ten dollars, he does so because of the fact that for the difference of two dollars he expects to receive such additional service as will make the twelve-dollar article actually cheaper than the one selling for ten dollars. He is purchasing excess of value, and he has made a good purchase.

It is this same "excess of value" that frequently makes a three-thousand-dollar-a-year man a better investment for a company than a twenty-five-hundred-dollar chap. By ability, training, and experience, the three-thousand-dollar man is equipped to render additional service—possibly service besides that ordinarily expected of him. He is a good investment, and the company knows it.

Frankly now, how much excess of value can you deliver? By how much does the service you are rendering your employer exceed that which the average man is rendering? By that very excess is your advancement likely to be measured.

Not Too Late to Learn

AN editorial recently appeared in the New York Evening Sun, entitled, "Not Too Late to Learn." The message of educational encouragement contained in this editorial should be carried to every employed man and woman. The editorial is reproduced, in part, for the benefit of our readers.

" 'I wish I had had an education.' "

"In that remark, frequently heard, there lurks a tragedy. In that past tense is resignation, a feeling that it is too late. It betokens a certain despair, and a kind of resentment at fate.

"If missing college in youth meant missing education, the future of democracy would look dark indeed. For less than 2 per cent. of the adults in America are college graduates. But aside from the fact that the colleges have no monopoly on the sources of education, the prospect is not so depressing. Adult education is a special field nowadays, and one who wishes he 'had had' an education usually can go ahead and get one."

The Question and Answer Department

This Department does not publish answers to all of the questions received, but only to those which are deemed to be of general interest to readers of The Pace Student. A communication, in order to receive attention, must contain the name and the address of the person asking the question.

I KEEP the General Ledger and make the Balance Sheet and Financial Statements for my concern. The Sales and Service departments have commenced to talk about Overhead. I don't believe the head of either department has the least idea of what "Overhead" is, and they know infinitely less about its proper distribution. It is about this that I want you to give me simple suggestions or send me your lecture on the subject.

My expense accounts are designated in the following manner:

Administrative	Selling	Service
No. 300 B (for Bridgeport)	No. 400 B	No. 500 B
300 W (for Waterbury)	400 W	500 W
300 S (for Stamford)	400 S	500 S
300 D (for Danbury)	400 D	500 D

(The above represents stationery and office supplies.)

By the above arrangement of account classifications, you can see that I am able to distribute the expenses from the bills as they come in, both in respect to branch and class of expense. I do this through my Voucher Register. How do I distribute Administrative Expense, Rent, Taxes, Insurance, and other Overhead each month equitably to all departments? If you will give me some suggestions, I shall be under many obligations. It does not have to be ultra technical to answer our needs.

Answer:

The term "overhead," in its commonly accepted meaning, refers to miscellaneous production or manufacturing expenses which can not, at the time of being incurred, be allocated specifically to units of production. Thus, the time of a porter in cleaning factory premises would be overhead. On the other hand, the term is often used to denote miscellaneous expenses in a non-manufacturing enterprise. We presume that it is this latter type of expense that you have in mind, and shall answer your letter on that supposition.

Methods for the equitable distribution of overhead or general expense items to departmental or other operating accounts can only be decided upon after a study of the conditions obtaining in the particular organization. We can not, therefore, give you any specific advice, since you give us no information as to your organization layout.

We suggest the following possible methods for the expenses you have mentioned:

Rent—on basis of floor space occupied; that is, each department should be charged with a proportion of the rent, based upon the ratio between the number of square feet of space it occupies and the total number of square feet in the building in which the department is housed.

Taxes—if income taxes or profits taxes, are direct charge against surplus; if the taxes are on property, they could be prorated to departments on the basis of the ratio between the value of the property in the department and the total value of the property against which the assessment is levied. If the taxes are franchise and other similar taxes, they may be distributed on the same bases as general expenses.

Insurance—if fire insurance, may be prorated to departments on the basis of the ratio between the value of the property in the department and the total value of the property insured.

Administration and General Expenses—probably would require distribution on an arbitrary basis, and no suggestion can be made without a study of the specific organization.

As a general policy, we believe the attempt to distribute general expenses of this nature may often lead to serious errors, since the adoption of an arbitrary basis may, as a matter of fact, lead to wrong conclusions as to actual operating costs.

A FIRE occurred in the plant of the A. B. Co., entailing an estimated loss of \$50,000.00. Adjustment was made with the insurance companies on the following basis:

The value of the plant, as shown by the books, was \$250,000.00.

The appraised value of the plant, as shown by an appraisal made two years prior to date of the fire, was \$450,000.00. The proprietors, wishing to be conservative, did not adjust their book value to the appraised figure.

In handling the fire-loss adjustment on the records, no change was made in the plant valuation.

Amount received from the insurance companies in adjustment of the claim was credited to an account "Unexpended Fire Insurance Suspense."

Repairs incidental to fire loss were charged to a "Fire Repairs" account, this being closed to "Unexpended Fire Insurance Suspense" at end of period.

After all repairs and renewals had been made, replacing the plant in its original condition, there still remained \$15,000.00 in the "Unexpended Fire Insurance Suspense" account unused, and of which no disposition had been made.

In my opinion, the fire-loss adjustment of the A. B. Company should have been handled in the following manner:

A "Fire Loss" account should have been charged with the estimated loss, and the "Plant" account credited.

Amount received from the insurance companies in settlement of the claim should have been credited to "Fire Loss" account.

Repairs and renewals made necessary by reason of the fire would be charged to "Plant" account.

The difference between the fire-loss adjustment and actual repairs and renewals would be considered as damage incurred to the plant which was not apparent and could not be replaced by repairs.

Answer:

We note that \$50,000.00 was received from the insurance company in settlement of a fire loss involving plant. We also note that the damage was repaired at a cost of \$35,000.00. We shall not discuss the discrepancy between the amount of the reimbursement of the insurance company and the actual amount of replacement cost, as this discrepancy may have arisen from various causes about which we are not advised in the proposition submitted. We shall, therefore, confine ourselves to comments upon the bookkeeping entries applicable to the statement of facts which you have presented.

Each method of recording the fire loss outlined in your question will ultimately give the same results. In the first method, the amount received from the insurance company is credited to "Unexpended Fire Insurance Suspense." This amount, of course, is a credit suspended temporarily from the credit side of the Plant Account. The charges to this account for the cost of replacement of plant are, in effect, debits temporarily suspended from the debit side of the Plant Account. The final credit balance in this account, \$15,000.00, should therefore be transferred to the credit of the Plant Account. As the balance of the Plant Account before the fire was \$250,000.00, and as a damage of \$50,000.00 was incurred, and, because of such damage, it was necessary to apparently expend \$35,000.00 to replace the plant, the balance of the Plant Account would be \$235,000.00. The second method which you present is clearer than the first method from an accounting standpoint, and, in our opinion, is theoretically correct.

A CERTAIN continuous producing organization computes its departmental costs by charging to each department, respectively, the costs of labor, material, and overhead, the material costs being determined by the total cost of material received from the previous department. Kindly tell me how it is practically possible to determine an accurate estimated inventory of work-in-process in each department.

Answer:

The determination of inventory of work-in-process is dependent upon two factors: first, the number of units must be known; and, second, the money value of material, labor, and factory overhead which applies to the units must be known. We assume from the wording of your question that a departmental- or process-cost system is in use. If the costs are accumulated and transferred from department to department, it would seem that the cost records of each department would indicate at

all times the money value of the work-in-process in that department.

If it is desirable to check the accuracy of the work-in-process inventory in each department, it would seem that a physical inventory of work in each department would have to be taken. In that case, an inventory list should be prepared, showing, with respect to each unit of work, the last operation completed on the unit. The total amount of material, labor, and factory overhead applicable up to and including the last operation would be obtained from the best information available, which, in the case of continuous production, would ordinarily be estimate cost records. These estimate cost records would contain the amount of material drawn for each operation, as well as the labor expended on each operation. The factory overhead would then be applied according to the method in use in the particular case. The total money value, as shown by such inventory, would then be compared with the total money value, as shown by the departmental cost records, in order to determine the substantial accuracy of the same.

In view of the method of costing which you outline, the cost records would not automatically show the costs of each unit at each successive stage of production, and we believe that the accuracy of a work-in-process inventory would have to be determined more or less along the lines which we have outlined above.

I WOULD greatly appreciate your advice as to the proper method of handling the following:

A branch house of a foreign concern imports merchandise from the home office, and remits at various times such moneys as are available. There are also various expenses incurred by the home office, which are properly chargeable to the branch. The present procedure is to value the merchandise at the current rate of exchange at which duties are paid, and the various transactions at the rate on the day when incurred. The account with the home office is kept both in the foreign currency and in dollars, and when the remittances made during the year equal in the foreign currency the merchandise and charges, a profit or loss on exchanges is taken—the excess of remittances over merchandise and charges incurred being treated as a return of the capital investment.

If this is the proper method of handling this problem, and if in any year the remittances should not equal the amount credited to the Head Office Current Account, should the account be left open until it is balanced by remittances?

Answer:

From the facts stated in your letter, we assume that the head office of your firm charges you in the foreign currency with the amount of merchandise you receive. This being true, it is necessary for you to keep an account with the head office in the foreign currency, and also in United States currency. You will thus record a profit or loss when the rate of exchange fluctuates.

If, at the close of your accounting period, the remittances in the foreign currency to the head office do not equal the charges from the head office, the balance of the Head Office Current Account in foreign currency should be carried forward in the account with the head office, this foreign currency balance being converted at the closing rate of exchange for the last day of the period. Any sum required to balance the dollar columns of the old account is either profit or loss on exchange. The following account will illustrate the procedures:

HEAD OFFICE (LONDON) CURRENT ACCOUNT					
	£	\$		£	\$
Remittances . . .	400:0:0	1,500.00	Merchandise . . .	500:0:0	1,975.00
Balance (down) .	100:0:0	398.75	Loss on Exchange		11.75
	500:0:0	1,986.75		500:0:0	1,986.75
			Balance (at closing demand rate May 11, 1921—\$3.9875)	100:0:0	398.75

In sound accounting practice, any loss on exchange should be charged to Profit and Loss, but a profit on exchange should be carried as a deferred credit to the succeeding period. This is to prevent any possibility of anticipating what may be a book profit only and which may be wiped out by the next fluctuation in exchange rates.

CAN you give me a general rule to follow in respect to the number of decimal places to which percentage figures for various purposes should be carried?

Answer:

We know of no such rule. The number of decimal places to which percentage figures should be calculated depends upon the use that is to be made of them. As many decimal places should be used as are required to obtain the degree of accuracy demanded by the particular matter in hand.

For example, percentages may be used to show the relation of the several classifications of expense to sales, or the relation that one classification of expense or income bears to a similar classification in other periods. In these cases, the percentage figures are not to be used for making further calculations, but merely to bring out more clearly to the management the relative amounts of the figures on the statements. Obviously, percentages carried to three or four places will usually serve for this purpose, and to carry them further would be a waste of time.

On the other hand, when the percentage figures are to be used as the basis for further calculations, they should be carried to as many decimal places as are required to secure correct results in the subsequent calculations. For example, let it be assumed that the profits of the partnership are to be shared in proportion to the capital investment of the partners. Let it be further assumed that A has invested \$5,500.00; that B has invested \$7,500.00; that C has invested \$7,590.00; and that the partnership profit is \$9,840.00.

The calculations below show the share of the

\$9,840.00 profit which would be credited to A's capital account—

- (1) When three decimal places are used.
- (2) When four decimal places are used.
- (3) When seven decimal places are used.

- (1) $\$9,840.00 \times .267 = \$2,627.28.$
- (2) $\$9,840.00 \times .2671 = 2,628.26.$
- (3) $\$9,840.00 \times .2671197 = 2,628.46.$

It is apparent that if only three decimals are used, A will be credited with \$1.18 less than the portion of the profit which, according to the partnership agreement, he should share. If four decimals are used, he will be credited with twenty cents less than his share. Calculation three results in the correct amount to be credited to A's capital account as his share of the profit. In all calculations of this kind, the accountant should secure results that are accurate within one cent, more than five mills usually being included as an additional cent and less than five mills usually being disregarded.

I HAD a Note Receivable from a customer which was dishonored at maturity. When I found it was dishonored, I passed an entry crediting Notes Receivable Account and debiting Notes Dishonored Account. Our auditor transferred it out of Notes Dishonored Account and charged it to the account of the maker. Will you please tell me why?

Answer:

A Note Receivable, prior to maturity, is a negotiable instrument, as you will learn from a study of the Law of Negotiable Instruments. When a note is dishonored, it ceases to be a negotiable instrument and reverts to the status of an open account. As such, it is properly chargeable to Accounts Receivable in the Ledger. It would be proper to charge the items to Bills Receivable Dishonored Account on the books, if desired, it being understood that Bills Dishonored Account is a form of accounts receivable and not a Notes Receivable Account. Accounts are raised in books and kept to record facts in respect to assets, liabilities, and capital, and the reason for fluctuations therein. Any accounts, therefore, which are raised to record information necessary to a proper understanding of financial transactions and fluctuations are proper accounts, if the accounts can be properly interpreted.

IN operating a combined voucher register and journal record, exactly what items and totals of columns are posted and where?

Answer:

Columns in books of original entry are provided for the purpose of gathering information which may be posted to the general ledger in total. Aside from these special columns, the journal voucher register should contain a miscellaneous credit column and a miscellaneous debit column. The items entered in these two miscellaneous columns are customarily posted in detail; the items entered in the remaining columns are customarily posted in total.

THE junior accountant, by reason of his work, is able to study business procedure and methods in a way not open to young men starting in any other profession or calling. The breadth of vision and the flexibility developed from this diversified work are of great vocational value, no matter whether the accountant chooses public practice or private business as an ultimate field of work.

A letter recently received from a graduate indicates the wide variety of work that may fall to the lot of a junior accountant during a very short period of time. The part of the letter which bears particularly upon this point, and which we feel sure will be of interest to many Accountancy students, is as follows:

"The work at the office is all that I could desire. I have been here only six weeks, but during that time, have already discovered how diversified is the practice of a professional accountant in cities of this size. During the first week, I handled an institutional audit; the next ten days were devoted to a balance-sheet audit of a very large manufacturing corporation that is now in the hands of a friendly receiver; my next assignment was a detailed review of a Revenue Agent's report covering six years' consolidated returns for two corporations having different fiscal years. (The complexities of the law were never so vividly revealed to me, as when I analyzed this report.) During the week just finished, I have been making a detailed audit of the Post Exchange of an army reservation. If the work in the future is as varied as that of the past six weeks, I shall be getting plenty of valuable experience, and the C.P.A. examination will hold no terrors for me."

ABRAHAM BAUM, C. P. A., a graduate of Pace Institute, New York, and for several years a member of the Accounting faculty, is now engaged in the professional practice of Accountancy with offices in the Aeolian Building, 33 West 42nd Street, New York City. Mr. Baum was formerly with the Bureau of Internal Revenue, from which he resigned on November 1, 1921.

THE NATIONAL PERSONNEL ASSOCIATION was recently organized in New York City to take over the activities of the National Association of Corporation Training and the Industrial Relations Association of America. It is announced that later the activities of other associations may be joined to the program of the National Personnel Association.

IRVING STERN, Pace Institute, New York, recently accepted, through the Pace Agency for Placements, Inc., a position as junior accountant on the staff of L. E. Stander, C.P.A., 276 Fifth Avenue, New York City. Mr. Stern was formerly with Sangster & Matthews, consulting accountants, 25 Broadway, New York City.

A. W. MILES, a former student of Pace Institute, New York, is now controller of Best & Company, New York City.

L. H. CONANT & COMPANY, accountants, announce the removal of their offices to 709 Sixth Avenue, New York City.

MRS. EDITH B. NESS, a student in Pace Institute, Extension Division, is instructor in secretarial work and accounting at the State Teachers' College, Bemidji, Minnesota.

T. E. GALLAGHER, Pittsburgh School of Accountancy, has accepted, through the placement division of the school, a position as accountant with the Oakland Motor Car Company, Pittsburgh, Pa.

P. C. MOHRMAN, Class D2507, Pace Institute, New York, recently accepted, through the Pace Agency for Placements, Inc., a position as bookkeeper with Boissevain & Company, 52 Broadway, New York City.

GILBERT CANARIO, Class B2305, Pace Institute, New York, has accepted, through the Pace Agency for Placements, Inc., a position as bookkeeper with the Frank A. Munsey Company, 280 Broadway, New York City.

SAMUEL SCHULTZ, Class A2105, Pace Institute, New York, through the Pace Agency for Placements, Inc., recently accepted a position as bookkeeper with Boehle & Holl, 22 Harrison Street, New York City.

ANDREW H. BLASS, C.P.A. (N. H.), director of the Pittsburgh School of Accountancy, gave a radio talk on "Accountancy as a Profession," from the Westinghouse broadcasting station in Pittsburgh, on Saturday evening, June 3rd.

T. J. MOORE, a former student of Pace Institute, Washington, and later a member of the Accounting faculty of the Washington school, is now associated with Lincoln G. Kelly & Company, certified public accountants, Walker Bank Building, Salt Lake City, Utah. Mr. Moore was for some time engaged in Accountancy practice in Chicago.

ERNEST R. DAYTON, a graduate of Pace Institute, New York, who was successful in passing the recent New York State C.P.A. examinations, writes as follows concerning his study at the Institute:

"May I add a word of commendation of the Pace Institute, and the splendid work that it is doing? Notification has just reached me that I have passed the New York State C.P.A. examination, and I have no hesitancy in stating that the thorough and comprehensive training which I received at the Institute was one of the important factors in this result.

"It has been my privilege to recommend the school upon several occasions, as I have the utmost confidence, based upon my own experience, that it affords an unusual opportunity to any young man or woman who has the ambition and determination to achieve success in the business world or in the profession of Accountancy."

THE following letter was received recently by Mr. Homer S. Pace from Mr. I. W. Travell, superintendent of schools, Ridgewood, New Jersey. Mr. Travell was one of the guests at the recent banquet at the Commodore Hotel, New York City. As a college man and an educator, Mr. Travell has naturally had a wide and varied experience with banquets of various kinds. His words of commendation are, therefore, particularly inspiring. Mr. Travell's letter follows:

"This is a belated note to tell you how much I enjoyed your Pace Institute banquet, and how greatly I appreciate your kindness in making me your guest.

"The banquet was the best ever. The enthusiasm and good cheer, the devotion and loyalty of the students to the Institute and to its heads, stood out from a wonderfully beautiful scenic background and setting.

"Mr. Cattell measured well up to my high expectations. It is an inspiration to hear him, with his cheery optimism and his spiritual fervor.

"You have done a great work, Mr. Pace, in giving reality to your vision, and in building up so notable an educational university."

MOGENS BRUUN, Class F2703, Pace Institute, New York, has accepted, through the Pace Agency for Placements, Inc., a position as accountant with Dodwell & Company, Ltd., 161 Water Street, New York City. Mr. Bruun was formerly employed in the accounting department of the Foreign Credit Corporation, 120 Broadway, New York City.

FRANCIS J. MASTERSON, C.P.A., and **WILLIAM J. O'BRIEN** announce the opening of an office at 165 Broadway, New York City, for the purpose of conducting a general accounting practice. They will also act as consultants in all Federal and state tax matters. Mr. Masterson is a graduate of the Pace Courses.

GEORGE E. DUNN, JR., Class E2602, Pace Institute, Newark, recently accepted, through the Pace Agency for Placements, Inc., a position as bookkeeper with the Nitrogen Electric Company, Newark, N. J. Mr. Dunn was formerly with the Submarine Boat Corporation, Newark, N. J.

G. IRVING HAHN, Class B2305, Pace Institute, New York, has accepted, through the Pace Agency for Placements, Inc., a position with the Czarnikow Rionda Company, 112 Wall Street, New York City.

FREDERICK W. GORMLEY, Class A158, Pace Institute, Boston, has been transferred from the Somerville, Mass., plant of the Great Atlantic & Pacific Tea Company to the branch in Richmond, Virginia.

CHARLES J. STADMAN, Class B2305, Pace Institute, New York, has accepted, through the Pace Agency for Placements, Inc., a position as assistant cashier with E. R. Squibb & Sons, 80 Beekman Street, New York City.

MANY Extension students give evidence in their work of sound academic education and of ability to study successfully, without the contacts of the classroom. The following paragraph, taken from a letter written by Herman J. Fehlner, of Dolgeville, N. Y., who graduated from high school in 1919, is a case in point:

"During the summer months, my work will not be any lighter, but that does not mean that I shall discontinue study. On the contrary, it is my intention to make as much progress as possible. Although, for me, it means much added work and less pleasure, still, it does not seem to be such a great hardship. The reason for this is, that I am deeply interested in the science of accounting and enjoy studying it."

ERNEST R. DAYTON, who was graduated from Pace Institute, New York, in July, 1921, was among the successful candidates in the January, 1922, C.P.A. examinations in the state of New York. In the final examinations given by Pace Institute in July, 1921, Mr. Dayton received one of the two highest grades awarded students who sat for the examinations.

LOUIS HOROWITZ, a former student at Pace Institute, New York, was successful in passing the New York State C.P.A. examinations in January, 1922.

ALEXANDER ADERER & COMPANY, certified public accountants, 225 Fifth Ave., New York City, announce the opening of an office at 84 St. Paul Street, Rochester, New York.

MAX GOODMAN, formerly a student at Pace Institute, New York, was among the Pace students who were successful in passing the January, 1922, C.P.A. examinations set by the Examining Board in the state of New York.

FLOYD JACQMEIN, a student in the Day-School Division of Pace Institute, New York, has accepted, through the Pace Agency for Placements, Inc., a position with the Czarnikow Rionda Company, 112 Wall Street, New York City.

D. DONALD WAY, of Quincy, Michigan, a student in Pace Institute, Extension Division, is organizing an office at Benton Harbor, Michigan, for the Peoria Life Insurance Company. Mr. Way has been appointed general agent at Benton Harbor for this company.

H. E. FOLEY, a student in Pace Institute, Extension Division, was recently appointed office manager and chief accountant for the Frank L. Smalt Company, Clarence, N. Y. Mr. Foley was formerly with the Wire Wheel Corporation, Buffalo, N. Y.

SAMUEL R. IRWIN, a student in Semester C, Pace Institute, Extension Division, has been a member of the professional staff of Lybrand, Ross Brothers & Montgomery, accountants and auditors, in their Pittsburgh office, since February 1, 1922.

MISS CHARLOTTE OSANN, a former student of Pace Institute, New York, was among the successful candidates in the recent C.P.A. examinations in New York State. Miss Osann has been engaged for several years in the professional practice of Accountancy in New York City.

A. J. SPINDLER, Pace Institute, New York, through the Pace Agency for Placements, Inc., recently accepted a position as cashier with the Virginia Lumber Company, Inc., 29 Broadway, New York City. Mr. Spindler was formerly with the Lease Motors Company, Inc., 342 Madison Avenue, New York City.

ROBERT J. SCHOELKOPF, Class C1419, Pace Institute, New York, has accepted, through the Pace Agency for Placements, Inc., a position as bookkeeper with the Bowker Chemical Company, 51 Chambers Street, New York City. Mr. Schoelkopf was formerly with A. F. Stoeger, 606 West 49th Street, New York City.

Students in Pace Institute learn to solve the problems that confront the executive.

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New Day and Evening classes in the Pace Standardized Course in Accountancy and Business Administration will form at Pace Institute, New York, in July. New Day and Evening classes in all schools will form in September.

Write now for the Institute Bulletin. Specify whether you are interested in Day or Evening instruction. Ask also for a copy of the booklet, "Making Good." It may have a message for you that is distinctly worth while.

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